

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

.....
In the Matter of:)
)
Teledyne Energy Systems Inc.)
10707 Gilroy Road)
Hunt Valley, Maryland 21031-1311)
)
Respondent.)
.....

ORDER RELATING TO TELEDYNE ENERGY SYSTEMS INC.

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS") has notified Teledyne Energy Systems Inc., formerly known as Teledyne Brown Engineering Energy System's Business Unit, ("TES") of its intention to initiate an administrative proceeding against TES pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2004)) ("Regulations"),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) ("Act"),² by issuing a proposed

¹ The violations charged occurred in 1999 and 2000. The Regulations governing the violations at issue are found in the 1999 and 2000 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1999-2000)). The 2004 Regulations establish the procedures that apply to this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) ("IEEPA"). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 6, 2004 (69 *Fed. Reg.* 48763, August 10, 2004), has continued the Regulations in effect under the IEEPA.

charging letter to Teledyne Technologies, Inc., on behalf of its subsidiary TES that alleged that TES committed three violations of the Regulations. Specifically, the charges are:

1. *Three Violations of 15 C.F.R. § 764.2(a) - Unlicensed exports to Entity List organization:* On three separate occasions, from on or about October 18, 1999 through on or about April 24, 2000, TES engaged in conduct prohibited by the Regulations by exporting technical information on proposed power plants, items subject to the Regulations, from the United States to Bharat Heavy Electricals Ltd ("BHEL") in New Delhi, India, an organization on the Department of Commerce Entity List, Supplement No. 4 to Part 744 of the Regulations, without obtaining licenses from the Department of Commerce as required by then Section 744.1(c) of the Regulations.

WHEREAS, BIS and TES have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein; and

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$16,500 is assessed against TES, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

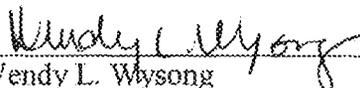
SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C.

§§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, TES will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to TES. Accordingly, if TES should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of TES's export privileges for a period of one year from the date of entry of this Order.

FOURTH, that the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.


Wendy L. Wysong
Acting Assistant Secretary of
Commerce for Export Enforcement

Entered this 31st day of March 2005.

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

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In the Matter of:)
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Teledyne Energy Systems Inc.)
10707 Gilroy Road)
Hunt Valley, Maryland 21031-1311)
)
Respondent.)
.....

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Respondent, Teledyne Energy Systems Inc. formerly known as Teledyne Brown Engineering Energy System's Business Unit ("TES"), and the Bureau of Industry and Security, U.S. Department of Commerce ("BIS") (collectively referred to as "Parties"), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2004)) ("Regulations"),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) ("Act"),²

¹ The violations charged occurred in 1999 and 2000. The Regulations governing the violations at issue are found in the 1999 and 2000 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1999-2000)). The 2004 Regulations establish the procedures that apply to this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) ("IEEPA"). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 6, 2004 (69 *Fed. Reg.* 48763, August 10, 2004), has continued the Regulations in effect under the IEEPA.

WHEREAS, Teledyne Technologies, Inc., on behalf of its subsidiary TES filed a voluntary self-disclosure with BIS's Office of Export Enforcement in accordance with Section 764.5 of the Regulations concerning the transactions at issue herein;

WHEREAS, BIS has notified TES of its intention to initiate an administrative proceeding against TES, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a proposed charging letter to TES that alleged that TES committed three violations of the Regulations, specifically:

1. *Three Violations of 15 C.F.R. § 764.2(a) - Unlicensed exports to Entity List organization:* On three separate occasions, from on or about October 18, 1999 through on or about April 24, 2000, TES engaged in conduct prohibited by the Regulations by exporting technical information on proposed power plants, items subject to the Regulations, from the United States to Bharat Heavy Electricals Ltd ("BHEL") in New Delhi, India, an organization on the Department of Commerce Entity List, Supplement No. 4 to Part 744 of the Regulations, without obtaining licenses from the Department of Commerce as required by then Section 744.1(c) of the Regulations.

WHEREAS, TES has reviewed the proposed charging letter and is aware of the allegations made against it and the administrative sanctions which could be imposed against it if the allegations are found to be true;

WHEREAS, TES fully understands the terms of this Agreement and the Order (“Order”) that the Assistant Secretary of Commerce for Export Enforcement will issue if she approves this Agreement as the final resolution of this matter;

WHEREAS, TES enters into this Agreement voluntarily and with full knowledge of its rights;

WHEREAS, TES states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, TES neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, TES wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, TES agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over TES, under the Regulations, in connection with the matters alleged in the proposed charging letter.

2. The following sanction shall be imposed against TES in complete settlement of the violations of the Regulations relating to the transactions specifically detailed in the voluntary self-disclosure and the proposed charging letter:

- a. TES shall be assessed a civil penalty in the amount of \$16,500, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order. Payment shall be made in the manner specified in the attached instructions.

- b. The timely payment of the civil penalty agreed to in paragraph 2.a. is hereby made a condition to the granting, restoration, or continuing validity of any export license, License Exception, permission, or privilege granted, or to be granted, to TES. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of TES's export or reexport privileges for a period of one year from the date of imposition of the penalty.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, TES hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if entered), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in the proposed charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; (c) request any relief from the Order, if entered, including without limitation relief from the terms of a denial order under 15 C.F.R. § 764.3(a)(2); and (d) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the \$16,500 civil penalty, BIS will not initiate any further administrative proceeding against TES in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the voluntary self-disclosure and the proposed charging letter.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered, available to the public.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

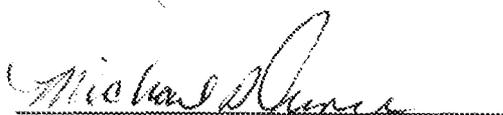
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

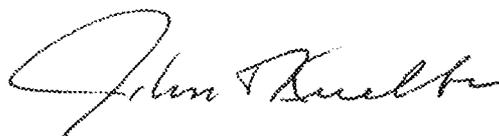
9. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND SECURITY,
U.S. DEPARTMENT OF COMMERCE

TELEDYNE ENERGY SYSTEMS INC.



Michael D. Turner
Director
Office of Export Enforcement



John T. Kuelbs
Senior Vice President, General Counsel
and Secretary

Date: 3/30/2005

Date: March 29, 2005

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Teledyne Energy Systems Inc.
10707 Gilroy Road
Hunt Valley, Maryland 21031-1311

Attn: *John T. Kuelbs*
Senior Vice President, General Counsel and Secretary

Dear Mr. Kuelbs:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS") has reason to believe that Teledyne Energy Systems Inc. ("TES") of Hunt Valley, Maryland, has committed three violations of the Export Administration Regulations (the "Regulations"),¹ which are issued under the authority of the Export Administration Act of 1979 (the "Act").² Specifically, BIS charges that TES committed the following violations:

Charges 1 -3 15 C.F.R. § 764.2(a) - Unlicensed exports to Entity List organization

On three separate occasions, from on or about October 18, 1999 through on or about April 24, 2000, TES engaged in conduct prohibited by the Regulations by exporting technical information on proposed power plants, items subject to the Regulations, from the United States to Bharat Heavy Electricals Ltd ("BHEL") in New Delhi, India, an organization on the Department of Commerce Entity List, Supplement No. 4 to Part 744 of the Regulations, without

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2004). The violations charged occurred in 1999 and 2000. The Regulations governing the violations at issue are found in the 1999 and 2000 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1999-2000)). The 2004 Regulations establish the procedures that apply to this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) ("IEEPA"). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 6, 2004 (69 Fed. Reg. 48763 (August 10, 2004)), has continued the Regulations in effect under the IEEPA.

obtaining licenses from the Department of Commerce as required by then Section 744.1(c) of the Regulations. In so doing, TES committed three violations of Section 764.2(a) of the Regulations.

Accordingly, TES is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

The maximum civil penalty allowed by law of \$11,000 per violation;³

Denial of export privileges; and/or

Exclusion from practice before BIS.

If TES fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. *See* 15 C.F.R. §§ 766.6 and 766.7. If TES defaults, the Administrative Law Judge may find the charges alleged in this letter are true without hearing or further notice to TES. *See id.* The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on the charges in this letter. *See id.*

TES is further notified that it is entitled to an agency hearing on the record if TES files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. TES is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should TES have a proposal to settle this case, TES or its representative should transmit it to the attorney representing BIS named below.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, TES's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

In addition, a copy of TES's answer must be served on BIS at the following address:

³ *See* 15 C.F.R. § 6.4(a)(2).

Teledyne Energy Systems
Proposed Charging Letter
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Office of Chief Counsel for Industry and Security
Attention: Melissa B. Mannino
Room H-3839
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Melissa B. Mannino is the attorney representing BIS in this case. Any communications that TES may wish to have concerning this matter should occur through her. She may be contacted by telephone at (202) 482-5301.

Sincerely,

Acting Director
Office of Export Enforcement